

The Clapham House Group PLC – Unaudited Preliminary Results

The Clapham House Group PLC 10 June 2005 Unaudited Preliminary Results for the year ended 31 March 2005

The Clapham House Group PLC (“Clapham House” or “the Company”), the fast growing restaurant group, today announces its preliminary results for the year ended 31 March 2005.

Highlights :

- Net cash as at 31 March 2005 of £11.7m
- Turnover for the year of £7.5m (up from £0.5m in 2004)
- Loss before taxation and exceptional costs for the year ended 31 March 2005 of £440,000
- Completion of target acquisition programme with the purchase of The Bombay Bicycle Club in April 2004 and Gourmet Burger Kitchen in November 2004
- Secondary placing raising £7m at 140p per share completed in June 2004

Current year :

- On track to open 7 new sites across all three brands in Q1 of 2005/6
- Trading positively in the first 2 months of the new financial year
- Gourmet Burger Kitchen making an immediate positive impact, expansion will be scaled up
- The Bombay Bicycle Club is expected to become the largest operator in the quality Indian food sector in the UK
- The Real Greek Souvlaki & Bar concept to be expanded to a number of attractive central London locations

David Page, Executive Chairman, The Clapham House Group PLC, commented:

“During our first full year of trading we completed our initial objective of acquiring three excellent businesses well ahead of schedule. Our formats are already trading profitably and will now be expanded rapidly through new site acquisitions. We continue to maintain and improve the high quality food served as we expand. I am pleased to confirm that trade in the current financial year has started positively and we are on track to open a total of 7 new sites across all three brands in the first quarter.”

Enquiries

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NOTE TO EDITORS:**The Clapham House Group PLC (www.claphamhousegroup.com)**

Floated on AIM in November 2003 to acquire and develop a small number of quality, branded restaurant formats for expansion into a high growth restaurant group, Clapham House currently owns and operates 24 sites across three brands:

The Real Greek (www.therealgreek.com)

The Real Greek offers highly acclaimed traditional Greek cooking using fresh and seasonal ingredients served in an informal setting and accompanied by specially imported Greek wines. The Real Greek Souvlaki and Bar concept derives its style from Greek “Street Food” where eating mezes and chargrilled souvlakis is part of everyday life. The Real Greek currently operates from four locations, including a landmark restaurant on London’s South Bank.

The Bombay Bicycle Club (www.thebombaybicycleclub.com)

The Bombay Bicycle Club operates three restaurants and nine Delivery Kitchens and has built an outstanding reputation for quality Indian cuisine over a period of 20 years using the freshest ingredients and providing excellent service, regularly receiving good reviews and plaudits from leading food critics. The Bombay Bicycle Club will continue to expand across Greater London aiming to become the largest operator in the quality Indian food market.

Gourmet Burger Kitchen (www.gbk.co.uk)

GBK offers a range of nutritious, delicious and sophisticated burgers (Time Out: “the most gorgeous burgers in town”) using only quality, fresh ingredients to create each burger including oversized sourdough buns, 100% Aberdeen Angus Scotch Beef patties, English chicken and other fresh produce delivered to the restaurants each day. GBK offers a variety of 23 burgers including Beef, Chicken, Lamb, Venison and Chorizo, as well as three types of Vegetarian burger, Junior Beef and Chicken burgers for children and interesting flavour combinations such as the Pesterella Burger (Beef, Mozzarella and Pesto). GBK currently operates from eight locations.

The Clapham House Group PLC
Unaudited Preliminary Results
for the year ended 31 March 2005

Chairman's Statement

It gives me great pleasure to report the preliminary results of Clapham House for the year ended 31 March 2005, our first full year of operation. Following the successful acquisition of The Real Greek on 18 December 2003 in the previous period, the year to 31 March 2005 has been one of significant corporate activity for the Company.

Corporate activity

On 1 April 2004 the Company acquired The Bombay Bicycle Club operation for £1.845 million in initial consideration. A further payment of £0.25 million was paid in final settlement of deferred consideration on 1 April 2005.

In June 2004 Clapham House successfully completed a secondary placing of shares, raising £7m of additional capital at 140p per share. Placing expenses of £0.24 million have been charged to the Company's share premium account.

On 12 November 2004 the first tranche of earn out consideration was paid in respect of the Company's first acquisition, The Real Greek. This earn out consideration, which was calculated on The Real Greek's profit before tax to 30 September 2004, was payable as to £0.28 million in cash together with the issue of 204,000 new ordinary shares of 10p each in the Company. Final earn out consideration in respect of the acquisition of The Real Greek is payable on the basis of a multiple of its profit before tax in the year ending 31 March 2007.

On 29 November 2004 Clapham House acquired the entire issued share capital of Wisconsin UK Ltd, trading as Gourmet Burger Kitchen ("GBK") for £2.6 million in initial consideration. Further earn out consideration is payable to the GBK management shareholders on the basis of a multiple of GBK's EBITDA in the twelve months ending 31 March 2006. The GBK business has traded very positively since its acquisition, demonstrating excellent returns and we will therefore look to scale this business up considerably.

We acquired three excellent businesses just over a year after commencing trading. This represented the early achievement of our initial target as described in the prospectus issued at the time of Clapham House's flotation. All three businesses were chosen, amongst a number of reasons, for the high quality food that they serve within their respective cuisines. We are now in a position to focus on the integration and expansion of these brands and we intend to maintain and improve these high standards as we expand the number of restaurants we operate.

Results

Turnover for the year was £7.5m compared with £0.5m in 2004. Turnover comprised the 12 month results from The Real Greek and The Bombay Bicycle Club, together with approximately four months trading from GBK.

The net loss before taxation and exceptional costs for the year ended 31 March 2005 was £440,000. Operating EBITDA (calculated before the central costs of managing each format and plc costs) was positive for the period and interest received on cash balances covered the majority of our holding company costs. As a result, the application of our cash reserves is being focused on the development of our business through the acquisition of new sites.

Openings

Our opening programme is focused on acquiring well positioned properties on appropriate terms. Each of our formats has quite different property requirements in terms of location and size and this will enable us to respond to a wide variety of opportunities over the coming years.

During the year to 31 March 2005, The Real Greek opened a large new Souvlaki & Bar restaurant on London's South Bank which traded excellently during its first summer season. A further Souvlaki & Bar will open in Putney, South West London, in the next few weeks. Since its acquisition by Clapham House, The Bombay Bicycle Club has opened two new restaurants (in Hampstead and Holland Park) and four new Delivery Kitchens in London. Gourmet Burger Kitchen has opened two new restaurants in Richmond and Belsize Park since its acquisition in November 2004.

By the end of the first quarter of the year to 31 March 2006 we expect to have opened a total of 7 new sites across all three brands. This will take the number of sites Clapham House operates to 25. In addition, we have two properties scheduled to open within the next few months and a number of further properties under offer or subject to legal process.

Funding

During the year we invested heavily in building up our infrastructure and management teams to support our planned restaurant expansion programme. Despite this, we incurred only a modest net cash outflow from operating activities of £0.3 million. We invested £3.3 million in capital expenditure on new sites and infrastructure and £4.8 million on acquisitions. As at 31 March 2005 Clapham House's net cash balances amounted to £11.7 million.

People

Many people have contributed enormously to the growth of Clapham House since its creation some 16 months ago. Our small and talented central team have worked with great enthusiasm and dedication. I thank them all and wholeheartedly welcome those employees who have joined us with our acquired businesses or to operate our formats in new properties.

Dividends

No final dividend is being proposed. As described in the Company's prospectus dated 29 October 2003, it is the Board's policy that, subject to the availability of distributable reserves, dividends will be paid to shareholders when the Directors believe it is appropriate and prudent to do so. However, the main focus of the Company will be in delivering capital growth for shareholders.

Current Trading and Outlook

Trading in the new financial year has commenced positively, in fact current weekly sales across the three formats are the highest since the Company was founded. The Board therefore looks forward to the financial results for the current year with confidence.

David Page
Chairman
10 June 2005

The Clapham House Group PLC
Unaudited Consolidated Profit and Loss Account
for the year ended 31 March 2005

	Notes	Year ended 31 March 2005		Six months ended
		Acquired Operations	Continuing Operations	31 March 2004
		£'000	£'000	Audited
				£'000
Turnover		4,672	2,786	534
Cost of sales		(3,414)	(2,018)	(381)
Gross profit		<u>1,258</u>	<u>768</u>	<u>153</u>
Administrative expenses – excluding exceptional costs		(1,369)	(1,765)	(418)
Operating loss before exceptional costs		<u>(111)</u>	<u>(997)</u>	<u>(265)</u>
Exceptional costs	3	(125)	(40)	(305)
Operating loss		<u>(236)</u>	<u>(1,037)</u>	<u>(570)</u>
Net interest receivable				181
Loss on ordinary activities before taxation				<u>(389)</u>
Taxation	4			5
Retained loss for the period				<u>(480)</u>
Loss per share				
Basic and diluted	5			(2.5p)
				(3.3p)

All recognised gains and losses are included in the profit and loss account.

The Clapham House Group PLC
Unaudited Consolidated Balance Sheet
as at 31 March 2005

	Notes	As at 31 March 2005 Unaudited £'000	As at 31 March 2004 Audited £'000
Fixed assets			
Intangible assets		17,850	6,938
Tangible assets		5,428	489
Investments		-	-
		<u>23,278</u>	<u>7,427</u>
Current assets			
Stocks		210	83
Debtors		672	203
Cash at bank and in hand		12,369	13,444
		<u>13,251</u>	<u>13,730</u>
Current liabilities			
Creditors: amounts falling due within one year		(2,901)	(990)
Net current assets		<u>10,350</u>	<u>12,740</u>
Total assets less current liabilities		<u>33,628</u>	<u>20,167</u>
Creditors: amounts falling due after more than one year		(12,918)	(6,035)
Provisions for liabilities and charges		(16)	(6)
Net assets		<u>20,694</u>	<u>14,126</u>
Capital and reserves			
Called up share capital		1,995	1,475
Share premium account		19,563	13,035
Profit and loss account		(864)	(384)
Equity shareholders' funds	6	<u>20,694</u>	<u>14,126</u>

The Clapham House Group PLC
Unaudited Consolidated Cash Flow Statement
for the year ended 31 March 2005

	Notes	Year ended 31 March 2005 Unaudited £'000	Six months ended 31 March 2004 Audited £'000
Net cash outflow from operating activities	7a	(268)	(198)
Returns on investment and servicing of finance		668	181
Taxation		(18)	-
Capital expenditure and financial investment		(3,285)	(23)
Acquisitions and disposals	7b	(4,772)	(592)
Cash outflow before use of liquid resources and financing		<u>(7,675)</u>	<u>(632)</u>
Financing	7c	6,636	13,969
(Decrease)/Increase in cash in the period		<u><u>(1,039)</u></u>	<u><u>13,337</u></u>

Reconciliation of net cash flow to movement in net funds

	Notes	Year ended 31 March 2005 Unaudited £'000	Six months ended 31 March 2004 Audited £'000
Net funds at the beginning of the period		13,337	-
Increase in cash in the period		(1,039)	13,337
Cash outflow from change in debt		129	271
Change in net fund resulting from cash flows		<u>(910)</u>	<u>13,608</u>
Debt acquired with subsidiary		(701)	(271)
Net funds at end of period	7d	<u><u>11,726</u></u>	<u><u>13,337</u></u>

The Clapham House Group PLC
Notes to the Unaudited Preliminary Results
for the year ended 31 March 2005

1. Basis of preparation

The preliminary results have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

2. Turnover

The turnover and loss for the period are attributable to the principal activities of the group, which are carried on entirely within the United Kingdom.

3. Exceptional costs

The exceptional costs for the year ended 31 March 2005 represent the costs incurred up to the date of opening a new restaurant that are written off to the profit and loss account in the period in which they are incurred.

The exceptional costs for the six months ended 31 March 2004 represent the cost of granting 300,000 ordinary shares under the Group's Restricted Share Plan to the executive directors at a cost of £270,000 and associated employers' national insurance contribution amounting to £35,000.

4. Taxation

	Year ended 31 March 2005 Unaudited £'000	Six months ended 31 March 2004 Audited £'000
Based on the result for the period:		
UK Corporation tax at 30% (2004: 19%)	(1)	-
(Under)/Over provision in earlier years	(2)	-
Total current tax	<u>(3)</u>	<u>-</u>
Deferred taxation:		
Origination and reversal of timing differences	128	5
Taxation (payable)/receivable	<u>125</u>	<u>5</u>

5. Loss per share

Basic loss per ordinary share is based on the loss for the year of £480,000 (2004: £384,000) and on 19,138,612 (2004: 11,742,328) ordinary shares of 10p each being the weighted average number of ordinary shares in issue during the period.

Basic and diluted earnings per share are the same as there are no potential ordinary shares that would increase net loss per share from continuing operations in the period.

6. Reconciliation of movements in equity shareholders' funds

	Year ended 31 March 2005 Unaudited £'000	Six months ended 31 March 2004 Audited £'000
Shares issued (net of flotation expenses)	7,048	14,560
Share redeemed	-	(50)
Loss for the period	(480)	(384)
Total movements during the period	<u>6,568</u>	<u>14,126</u>
Opening equity shareholders' funds	14,126	-
Closing equity shareholders' funds	<u><u>20,694</u></u>	<u><u>14,126</u></u>

7. Notes to the consolidated cash flow statement

a. Reconciliation of operating loss to net cash flow from operating activities

	Year ended 31 March 2005 Unaudited £'000	Six months ended 31 March 2004 Audited £'000
Operating loss	(1,273)	(570)
Restricted shares issued	-	270
Depreciation and amortisation	268	21
Loss on disposal of tangible fixed assets	12	
Increase in stocks	(81)	(12)
Increase in debtors	(265)	(116)
Increase in creditors	1,071	209
Net cash outflow from operating activities	<u><u>(268)</u></u>	<u><u>(198)</u></u>

b. Acquisitions and disposals

	Year ended 31 March 2005 Unaudited £'000	Six months ended 31 March 2004 Audited £'000
Purchase of subsidiary undertakings (including costs)	(5,036)	(499)
Net cash/(overdraft) acquired with subsidiaries	264	(93)
Net cash outflow from acquisition	<u>(4,772)</u>	<u>(592)</u>

c. Financing

	Year ended 31 March 2005 Unaudited £'000	Six months ended 31 March 2004 Audited £'000
Capital repayments on bank loans	(129)	(59)
Capital repayments of other loans	-	(212)
Net proceeds of redeemable shares issued	-	50
Redemption of redeemable shares	-	(50)
Gross proceeds of ordinary shares issued	7,000	14,750
Issue costs	(235)	(510)
Net cash inflow from financing	<u>6,636</u>	<u>13,969</u>

d. Analysis of net funds

	As at 31 March 2004 Audited £'000	Cash flow Unaudited £'000	Acquisition Unaudited £'000	Other Movements £'000	As at 31 March 2005 Unaudited £'000
Cash in hand and at bank	13,444	(1,386)	311	-	12,369
Overdrafts	(107)	83	(47)	-	(71)
Debt due within one year	-	129	(177)	(23)	(71)
Debt due after one year	-	-	(524)	23	(501)
Net funds	<u>13,337</u>	<u>(1,174)</u>	<u>(437)</u>	<u>-</u>	<u>11,726</u>

e. Major non-cash transactions

The only material non-cash transaction that occurred during the period was the issue of 204,000 ordinary shares to satisfy deferred consideration on an acquired subsidiary.

8. Report and accounts

The financial information set out in this preliminary announcement, which was approved by the Board on 10 June 2005, is unaudited and does not constitute the Company's statutory accounts for the period ended 31 March 2005, but is derived from those accounts.

The statutory accounts for the period ended 31 March 2005 will be prepared following accounting policies consistent with those set out in the statutory accounts for the period ended 31 March 2004.

The statutory accounts for the period ended 31 March 2005 will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the Registrar of Companies following the Company's annual general meeting.

9. Further copies

The statutory accounts for the period will be posted to shareholders in due course and further copies will be available, free of charge, for a period of one month following posting to shareholders from the registered office of the Company or the Company's Nominated Adviser and Broker, Noble & Company Limited, 76 George Street, Edinburgh, EH2 3BU, Telephone: 0131 225 9677.